

SENATE BILL REPORT

HB 1257

As of February 13, 2006

Title: An act relating to motorcycle or motor-driven cycle insurance coverage.

Brief Description: Providing an opportunity to reject motorcycle or motor-driven cycle insurance coverage.

Sponsors: Representatives Roach, Kirby, Newhouse, Simpson, Holmquist, Haler, Upthegrove, O'Brien and Nixon.

Brief History:

Committee Activity: Financial Institutions, Housing & Consumer Protection:

SENATE COMMITTEE ON FINANCIAL INSTITUTIONS, HOUSING & CONSUMER PROTECTION

Staff: Jennifer Arnold (786-7471)

Background: An "underinsured motor vehicle" is defined as a vehicle in which the party legally responsible (by virtue of ownership, maintenance, or use) for the bodily injury or property damage has either no insurance coverage or insufficient coverage to cover the full amount of the damage costs to which the injured party is legally entitled.

In general, there is a statutory requirement to obtain insurance for bodily injury, death, or property damage caused by underinsured motor vehicles, hit-and-run vehicles, and phantom vehicles. This insurance must be obtained at the time a new policy is purchased, as well as when that policy is renewed, unless the insured opts in writing to not accept underinsured insurance upon the initial purchase of the policy.

The requirement that underinsured insurance must be rejected in writing is not applicable in three primary instances: (1) policies for motorcycles or motor-driven cycles, (2) umbrella policies, or (3) any other policies that serve solely as excess to the policy covering the insured vehicle.

In 2004, an additional requirement relating to underinsured insurance was created. The new requirement provides that any insurer, who chooses to provide motorcycle or motor-driven cycle insurance in Washington, must provide coverage information on such insurance to prospective insureds.

Summary of Bill: In addition to providing coverage information, an insurer that elects to write motorcycle or motor-driven insurance must also provide an opportunity for prospective insureds to reject underinsured coverage in writing.

Appropriation: None.

Fiscal Note: Not requested.

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.